

**立法會**  
***Legislative Council***

LC Paper No. LS13/15-16

**Paper for the House Committee Meeting  
on 27 November 2015**

**Legal Service Division Report on  
Two Proposed Resolutions under section 5(3)(b) of the  
Public Bus Services Ordinance (Cap. 230)**

The Secretary for Transport and Housing has given notice to move two motions under section 5(3)(b) of the Public Bus Services Ordinance (Cap. 230) at the Legislative Council (LegCo) meeting of 9 December 2015. The motions seek LegCo's approval to exclude the application of the profit control scheme (PCS) set out in sections 27, 28, 29 and 31 of Cap. 230 to the new 10-year franchises granted to Citybus Limited (Franchise for Hong Kong Island and Cross-Harbour Bus Network) and New Lantao Bus Company (1973) Limited (NLB) (collectively know as the "New Franchises")<sup>1</sup> on 22 September 2015.

2. Under section 5(3)(b) of Cap. 230, a franchise shall, except where LegCo by resolution excludes the application of all or any of the provisions of PCS, be subject to PCS. According to section 28 of Cap. 230, a company to which a franchise to operate a public bus service is granted (grantee) can earn a permitted return in an accounting year. Profit exceeding the permitted return in any accounting year will be added to the Development Fund provided under section 27. When profit falls below the permitted return, the grantee shall recover the deficiency by drawing money from the Fund. Section 29 further provides for the deductions that must be made from the permitted return in each accounting year. Under section 31, the Chief Executive in Council shall review the operation of PCS in respect of the grantee every two years.

3. The effect of the two proposed resolutions is that the New Franchises are not subject to PCS for the entire period of the franchises.

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<sup>1</sup> The new franchise granted to Citybus Limited will commence at 0400 hours on 1 June 2016 and the new franchise granted to NLB at 0400 hours on 1 March 2017.

4. According to paragraph 3 of the LegCo Brief (File Ref: THB(T)CR 6/5541/00) issued by the Transport and Housing Bureau in November 2015, PCS has been strongly criticized by LegCo and the community in that it reduces the incentive for the franchised bus companies to enhance cost effectiveness and to reduce expenditure. In 1992, the then Executive Council decided that PCS would not be applicable to all new bus franchises granted thereafter.

5. As advised by the Clerk to the Panel on Transport, the Panel discussed the New Franchises on 17 July 2015 but did not specifically discuss PCS. Panel members expressed concerns over a number of issues, including the financial viability of Citybus Limited with the commissioning of the West Island Line, the need for the two franchised companies to strengthen bus service, especially those on Lantau Island, the requirement for franchised bus companies to provide real time bus arrival information through mobile application and the provision of passenger seating facilities at bus stops and resting facilities for drivers.

6. No difficulties relating to the legal and drafting aspects of the proposed resolutions have been identified.

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